



Department of Justice

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SAMSUNG KOREAN EXECUTIVE AGREES TO PLEAD GUILTY, SERVE JAIL TIME FOR PARTICIPATING IN DRAM PRICE-FIXING CONSPIRACY

President of Samsung's U.S. Subsidiary Admits Role in Global Cartel, Agrees to Prison Term and to Pay \$250,000 Fine

WASHINGTON — An executive from Samsung Electronics Company Ltd.— the world's largest manufacturer of a common computer component called dynamic random access memory (DRAM) – has agreed to plead guilty, serve jail time in the United States, and pay a fine for participating in a global conspiracy to fix DRAM prices, the Department of Justice announced.

In total, four companies and 18 individuals have been charged in the Department's DRAM investigation and criminal fines totaling more than \$730 million have resulted. This total reflects the second-largest total amount of fines ever imposed in a U.S. criminal antitrust investigation from a single price-fixing conspiracy.

The Korean executive, Young Hwan Park, participated in the price-fixing conspiracy while in his capacity as Vice President of Sales at Korean memory maker Samsung Electronics Company Ltd. Park is currently President of Samsung Semiconductor Inc., Samsung's U.S.-based subsidiary. Park is charged with participating in a conspiracy in the U.S. and elsewhere to suppress and eliminate competition by fixing the prices of DRAM to be sold to certain original equipment manufacturers of personal computers and servers (OEMs), in violation of the Sherman Antitrust Act.

"This latest plea underscores our resolve to hold responsible those who target U.S. businesses and consumers with price-fixing schemes," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division. "Individuals who choose to engage in price fixing are on notice of the consequences of their illegal actions – criminal fines and prison time."

Under the plea agreement, which must be approved by the court, Park has agreed to serve 10 months in prison and to pay a criminal fine of \$250,000. In addition, Park has agreed to assist the government in its ongoing investigation.

DRAM is the most commonly used semiconductor memory product, providing high-speed storage and retrieval of electronic information for a wide variety of computer, telecommunication, and consumer electronic products. DRAM is used in personal computers,

laptops, workstations, servers, printers, hard disk drives, personal digital assistants, modems, mobile phones, telecommunication hubs and routers, digital cameras, video recorders and TVs, digital set top boxes, game consoles, and digital music players. There were approximately \$7.7 billion in DRAM sales in the U.S. in 2004.

According to the one-count felony charge filed today in federal court in San Francisco, Park conspired with unnamed employees from other memory makers to fix the prices of DRAM sold to certain OEMs from on or about April 1, 2001, to on or about June 15, 2002. The violation directly affected sales to U.S. computer makers Dell Inc., Hewlett-Packard Company, Compaq Computer Corporation, International Business Machines Corporation, Apple Computer Inc., and Gateway Inc., the Department said.

Park is charged with carrying out the price-fixing conspiracy by:

- Participating in meetings, conversations, and communications with competitors to discuss the prices of DRAM to be sold to certain customers;
- Agreeing with competitors to charge prices of DRAM at certain levels to be sold to certain customers;
- Issuing price quotations in accordance with the agreements reached;
- Exchanging information on sales of DRAM to certain customers, for the purpose of monitoring and enforcing adherence to agreed-upon prices; and
- Directing subordinates to contact competitors to obtain DRAM pricing information for the purpose of fixing prices.

This is the fifth Samsung executive to agree to a prison sentence in the DRAM investigation. Three foreign-based Samsung executives and one U.S. executive have already pleaded guilty and agreed to serve prison terms ranging from seven to eight months and to each pay a \$250,000 fine. In April 2006, Sun Woo Lee and Yeongho Kang pleaded guilty to participating in the price-fixing conspiracy while they worked for Samsung or its subsidiaries in the U.S. In August 2006, Young Woo Lee pleaded guilty to participating in the price-fixing conspiracy while he worked for Samsung or its subsidiaries in Europe. Then, in November 2006, Thomas Quinn, a San Jose, Calif. executive, pleaded guilty to participating in the price-fixing conspiracy in his capacity as vice president of marketing for memory products at Samsung Semiconductor Inc.

In December 2006, a former Elpida executive, D. James Sogas, pleaded guilty for his participation in the DRAM conspiracy and was sentenced to serve seven months in jail and to pay a \$250,000 fine. In addition, four Hynix Semiconductor Inc., executives, Dae Soo Kim, Chae Kyun Chung, Kun Chul Suh, and Choon Yub Choi, were charged with participating in the DRAM price-fixing conspiracy and agreed to plead guilty and serve jail terms ranging

from five to eight months and to each pay a \$250,000 fine. In December 2004, four Infineon executives, T. Rudd Corwin, Peter Schaefer, Gunter Hefner, and Heinrich Florian, pleaded guilty to the DRAM price-fixing conspiracy. The Infineon employees served jail terms ranging from four to six months and each paid a \$250,000 fine.

Also, in December 2003 the Department charged Alfred Censullo, a Regional Sales Manager for Micron Technology Inc., with obstruction of justice. Censullo pleaded guilty and admitted to having withheld and altered documents responsive to a grand jury subpoena served on Micron. Censullo was sentenced to serve six months of home detention.

Samsung pleaded guilty to the price-fixing conspiracy and was sentenced to pay a \$300 million criminal fine in November 2005. Hynix, the world's second-largest DRAM manufacturer, pleaded guilty and was sentenced to pay a \$185 million criminal fine in May 2005. In January 2006, Japanese manufacturer Elpida Memory agreed to plead guilty and pay an \$84 million fine. In October 2004, German manufacturer Infineon pleaded guilty and was sentenced to pay a \$160 million criminal fine.

In October 2006, a federal grand jury in San Francisco returned a single-count indictment against two executives from Samsung, Il Ung Kim and Young Bae Rha, and one executive from Hynix, Gary Swanson, for violation of Section 1 of the Sherman Act, 15 U.S.C. § 1.

Today's charge is the result of an ongoing investigation being conducted by the Antitrust Division's San Francisco office and the Federal Bureau of Investigation in San Francisco.

Anyone with information concerning price fixing in the DRAM industry should contact the San Francisco office of the Antitrust Division at 415-436-6660 or the San Francisco Division of the FBI at 415-553-7400. Case filings can be viewed on the Antitrust Division's web site, <http://www.usdoj.gov/atr/>.

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